

Health Coverage Tax Credit (HCTC)

The Health Coverage Tax Credit (HCTC) is a program that helps pay for private health insurance for workers certified to receive Trade Adjustment Assistance (TAA) benefits. The Internal Revenue Service (IRS) administers this plan.

The program provides two benefit options. Eligible workers may claim a tax credit on their federal income tax return of 65% of their monthly insurance premiums paid during the year. Alternatively, beginning in August 2003, eligible workers may claim an advance credit. Under this option the worker would pay 35% of their monthly insurance premium and the federal government would pay the remaining 65% of the premium each month.

To be eligible, workers must be:

1. covered by a TAA certification;
2. receiving Trade Readjustment Assistance (TRA) benefits or receiving unemployment benefits and eligible to receive TRA once they exhaust their unemployment benefits;
3. enrolled or participating in a TAA training program, have completed a TAA training program or have obtained a TAA training waiver; and
4. have a qualified health insurance plan, such as a COBRA plan.

This Department will notify the IRS' HCTC office of all eligible TAA recipients. The HCTC will issue a packet to these eligible workers containing the instructions and forms needed to participate. The HCTC office will handle the monthly advance credit payments. This Department will issue Form 8887s at the end of the year to eligible workers for use in claiming the tax credit on the federal income tax return.

A booklet containing more information is available at your local Career Center or unemployment claims office. Additional information may also be obtained by calling the HCTC office at 1-866-628-HCTC (1-866-628-4282) or on the Web at <http://www.irs.gov> (keyword HCTC).

TDD/TYY callers should call 1-866-626-HCTC (1-866-626-4282).